



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, OCTOBER 29, 1999
WWW.USDOJ.GOV

AT
(202) (202) 514-2007
TDD (202) 514-1888

JUSTICE DEPARTMENT FILES LAWSUIT TO BLOCK COMPUWARE'S ACQUISITION OF VIASOFT

WASHINGTON, D.C. -- The Department of Justice today filed a civil antitrust lawsuit to block the \$168 million cash tender offer by Compuware Corporation to acquire Viasoft Inc., because the transaction would result in higher prices and lower quality service for two types of mission-critical mainframe software.

The lawsuit, filed today in U.S. District Court in Washington, D.C., charges that, if consummated, the merger would reduce competition significantly in the United States for mainframe testing/debugging software and for mainframe fault management software. For many mainframe computer users, these types of software are crucial to maintaining efficient operations.

According to the complaint, Compuware is the world's dominant producer of mainframe testing/debugging software, with approximately 60 percent of the market, and Viasoft is Compuware's closest rival. For some consumers, Viasoft is the only alternative to Compuware. The complaint also states that Compuware dominates the worldwide market for mainframe fault management software, commanding a market share of more than 80 percent. Viasoft is a recent entrant with a promising product that should enable it to become a significant competitor to Compuware.

"Unless this acquisition is blocked, buyers of this mission-critical software will be forced to pay higher prices and get less," said Joel I. Klein, Assistant Attorney General of the

Department's Antitrust Division. "We brought this suit to preserve the benefits of competition for the consumers that use these products-- universities, major companies, and governmental entities."

According to the complaint, Compuware's acquisition of Viasoft is the latest in a series of transactions in which Compuware has acquired competitors' testing/debugging and fault management software products, only to cease sales and upgrades for those products after acquiring them.

Testing/debugging software is used both in software development to check for errors as program code is written and in production to fix code in the event of a processing failure. Fault management software detects and diagnoses the errors that cause a processing failure, saving hours of computer downtime and programmer labor.

Compuware Corp. is a Michigan corporation with its principal place of business in Farmington Hills, Michigan. It is the world's fifth largest independent software company, selling services and software products for mainframe and client/server platforms. Its fiscal 1999 revenues were \$1.6 billion.

Viasoft is a Delaware corporation headquartered in Phoenix. Also an independent software company, its fiscal 1999 revenues were approximately \$104 million.

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